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labor is still opposed to anything that tends to raise the price of that commodity, and the habit of courts of relying on precedents gives a somewhat disproportionate authority to cases decided when the interests of those who had labor to sell were not considered by the men who made and interpreted the laws. It may easily be shown in economics that high wages are in the public interest, but if the judges so regarded it we should have a considerable change in the tenor of judicial decisions. With a degree of frankness not often encountered in his class, Lord Brassey said in a lecture in 1877:

Much of the objection which exists in the public mind towards trade unions rests, as it must be confessed, on the general reluctance to see any effort made to raise the price of labor.

Lord Brassey has himself supplied, largely from his own and his father's experience, many striking evidences of the economy of high wages. A mass of such evidence has accumulated since. It does not incline, and of course it should not incline, any individual buyer of labor to pay for it more than the market price, and he would be something more than human if he were not generally complaining that the price was already too high; but with American competition as sharp in foreign markets as it is now one might suppose that the conception of the relation of the rate of wages to the general state of trade would undergo a change and that the agencies by which wages are advanced or sustained would seem less obviously "in restraint of trade," less palpably "against the public interest."

FRED. PERRY POWERS.

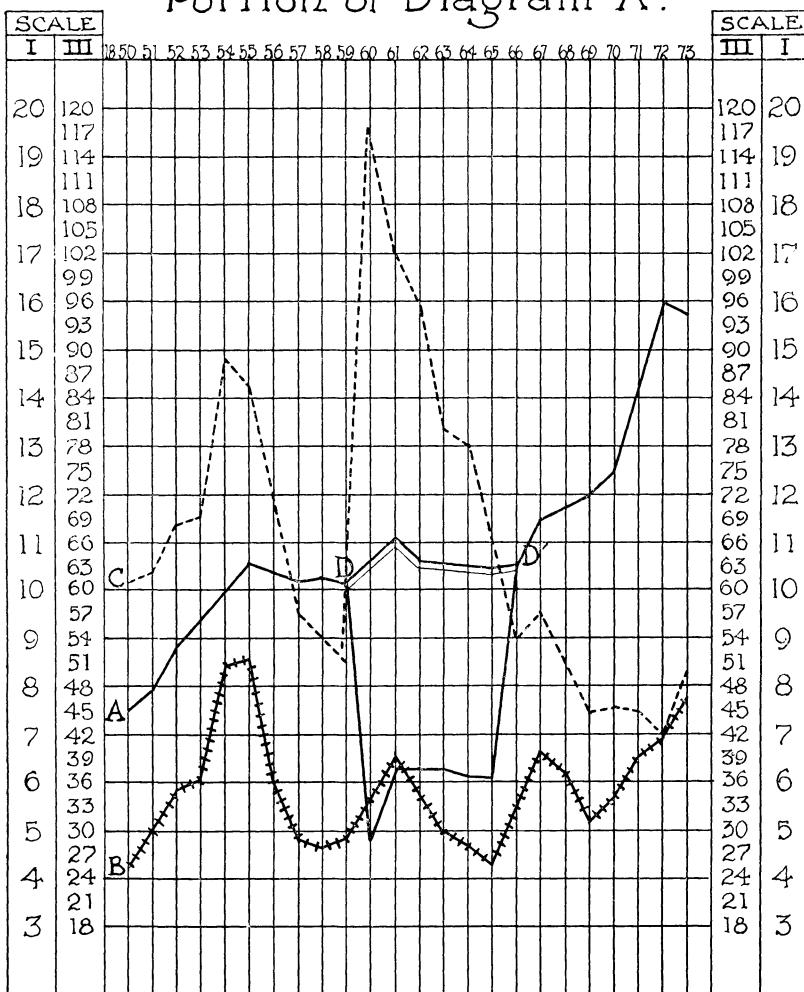
NEW YORK.

AN ERROR IN AUSTRIAN WAGES STATISTICS.

In his book on "The Population of Austria on the Basis of the Census Returns of December 31, 1890,"¹ Dr. Rauchberg, the then secretary of the central statistical commission, gives in condensed and convenient form for the general student the valuable results of the commission's work. This he does by means of many tables, summaries, charts, and diagram. The aim of the work, however, is not so much the making of a handbook as it is to show by comparison with the returns of previous enumerations the progress of the Austrian nation,

¹ *Bevölkerung Oesterreichs auf Grund der Ergebnisse der Volkszählung vom 31. December 1890.* DR. HEINRICH RAUCHBERG, Hofsekretär der K. K. statistischen Centralcommission, Wien, 1895.

Portion of Diagram A.



A. Day wages, without board, in kreuzers, Austrian valuation. (Scale III.)

B. Price of a hectoliter composed of equal parts of wheat, rye, and potatoes, in gulden, Austrian valuation. (Scale I.)

C. Number of working days necessary to obtain a hectoliter composed of equal parts of wheat, rye, and potatoes. (Real wages, Scale I.)

DD'. Corrected line for day wages.

its growth in intelligence, industry, and wealth. In the discussion of improved social conditions considerable space is given to the situation of labor, showing how, through a rise in his money wages disproportionate to the rise in the price of breadstuffs, the laborer's condition has altered for the better. The results are interesting, but a certain carelessness in his handling of statistics leads one to question some of Dr. Rauchberg's conclusions.

Diagram A deals with "the condition and course of population, price of food stuffs, and wages of labor in Austria from 1820 to 1890." Opposite is a reproduction of the portion of this diagram under discussion.

Coming upon this chart after an independent study of the conditions of labor in Austria during the present century, the striking and interesting point about it was the sudden and enormous drop in wages about 1859 and 1860 and the correspondingly great rise between 1865 and 1866.

An average fall of over 50 per cent. throughout the empire, a depression lasting five years, and as sudden a rise in wages at the end of that time would have indicated a great industrial crisis, nothing short of a cataclysm for the laboring classes, involving widespread misery, which would have left its impression on the economic literature of the time.

Dr. Rauchberg's own comments on the point seem inadequate to the occasion. His notes on Diagram A are in part as follows: "Together with the prices of the chief food products, the level of wages, the money wages of labor, is to be considered. The problem of wage statistics has not yet been solved by modern statisticians; the older administrative statistics have hardly touched upon them. At the same time there are found in their tables statements in regard to the money wage of common labor, with and without board, which may be employed for our purpose. From these last the average for the entire state was determined, and the movement of the same indicated on the diagram by the continuous line. This line begins with the year 1827, for which the first notices of wages lie before us."¹

"The movement of this line is to be followed according to Scale III, which expresses the height of wages in kreuzers, Austrian valuation."

¹ In the Archives of the Ministry of the Interior, at Vienna, are to be found the manuscript "Market Reports" sent in by the officials of the provinces in response to the imperial decree of 1813, dating back to 1819, together with annual averages for the empire as far back as 1820.

After comments on the movement of the line up to the fifties he says: "With 60 kr. it reaches temporarily its highest point. Until 1859 this level is kept with difficulty, but there follows a deep decline *under the influence of the unfortunate war and a universal condition of want*. For 1860 the average is only 30 kr. In the seventies the excessive variations cease, etc. . . .

"In the development just sketched that which gives occasion for thought is the *altogether extraordinary depression* of wages in the years 1860-1865. If the statements relative to them can be explained by the unfavorableness of the political and economic conditions, still the question is not to be set aside as to whether or no officials who collected the statistics did not take a too pessimistic view of things. On the other hand, in the explanation of the sudden rise in the level of wages beginning from the year 1866 the increase in the circulating medium is to be taken into account which found its expression in the concomitant rise of prices."

While Dr. Rauchberg thus attempts no analysis of the causes working to produce such an extraordinary phenomenon, his purpose being rather to show general progress by a more detailed comparison of conditions in the last two decades with those of the first two decades of his period, still he does not seem to doubt the possibility of such an explanation lying in the facts of war and its accompanying season of depression. As he indicates in a footnote, Dr. Rauchberg takes his figures for wages directly from the "Statistical tables for the standard question in the Austria-Hungarian Empire"¹ which were worked up in the Department of Finance in 1892-3.

The trouble with Dr. Rauchberg's diagram and explanation is a very simple one, and is that they are based on a mistake. The tables on wages for the standard question simply reprint, in a different form, the results given in a series of official statistics which under three different titles² have been printed from 1828 down to the present time. Between 1860 and 1865 the Statistical Bureau was reorganized, and as

¹ *Statistische Tabellen zur Währungsfrage der Oesterreichisch-Ungarischen Monarchie*. Verfasst im K. K. Finanz-Ministerium. Wien, 1892-3.

² (a) *Tafeln zur Statistik der Oesterreichischen Monarchie. Erste Folge, 1828-1850, Neue Folge, 1851-1865*.

(b) *Statistisches Jahrbuch der Oesterreichischen Monarchie, 1863-1881*.

(c) *Oesterreichisches Statistisches Handbuch*. Herausgegeben von den K. K. statistischen Central Commission, 1882.

a result the annual reports did not appear on time. The work of six years, 1860-1865 appeared in one volume in 1866. Owing probably to hurried work, the headings of the columns of wage statistics, in the market reports where they appear, are inverted in their order. Before and after this one volume the order is, *e. g.*, column A, *wages without board*; column B, *wages with board*. In this one volume wages with board comes first and wages without board second. The officials who worked up the tables for the "standard question" evidently, after they were once started, went on by inertia, and Dr. Rauchberg has gone a step further in indicating the explanation of a phenomenon which never existed. It would have been interesting had he had occasion to use the figures given by the same report for "wages with board" during the same six years, to see how Dr. Rauchberg would have explained the fact that in a period where wages *without board* fell over 50 per cent., wages *with board* rose over 100 per cent!

This illustrates the dangerous character of statistics as a basis of economic deduction, unless one takes some pains to see that the facts fit the figures.

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MR. CUMMINGSS'S STRICTURES ON "THE THEORY OF THE LEISURE CLASS."

IN the last issue of this JOURNAL is a paper of some length by Mr. John Cummings, criticising a book lately published for me under the title, *The Theory of the Leisure Class*. The paper is notable for its earnestness no less than for its graceful and cogent discussion. It is needless for me here to express my high appreciation of the attention which the volume has received at Mr. Cummings's hands. But circumstances have made it necessary for me to take this means of calling attention to certain passages in Mr. Cummings's discussion, where the criticism is directed rather against the apparent than against the intended drift of the argument set forth in the volume.

As editor of the JOURNAL it should have been my place, and my privilege, to forestall what I might conceive to be misdirected criticism by making the necessary suggestions to Mr. Cummings before his paper appeared in print; and, but for the untoward chance that the issue in which the paper appears was printed during my absence, this